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Publications



National Energy Board



Environmental Screening Document

EssO Resources Canada Limited
Gulf Canada Resources Limited
Shell Canada Limited

GHW-2-90



June 1992

OFFICE OF THE CHAIRMAN



BUREAU DU PRÉSIDENT

NATIONAL ENERGY BOARD
OFFICE NATIONAL DE L'ÉNERGIE

File No: 7200-M093-3-2
7200-M093-3
Date: 22 July 1992

The Honourable Jake Epp, P.C., M.P.
Minister of Energy, Mines and Resources
580 Booth Street
Ottawa, Ontario
K1A 0E4



Dear Mr. Epp:

RE: National Energy Board Decision on the Environmental Screening of the Licences to Export Natural Gas issued pursuant to the Board's GH-10-88 Decision

Further to my letter to you dated 19 February 1990, I wish to advise you that the National Energy Board has completed, in accordance with the requirements of the *Environmental Assessment and Review Process Guidelines Order* ("EARP Guidelines Order"), its screening of the potentially adverse environmental effects of the export of natural gas from the Mackenzie Delta by Esso Resources Canada Limited ("Esso"), Gulf Canada Resources Limited ("Gulf") and Shell Canada Limited ("Shell"). A copy of the screening document which contains the findings of the Board is attached to this letter.

The environmental screening was conducted in writing according to the process the Board established by its GHW-2-90 Order issued on 23 February 1990.

In determining the extent of its jurisdiction in applying the EARP Guidelines Order to natural gas exports, the Board has been guided by the Federal Court of Appeal decision in *Attorney General of Québec v. National Energy Board* (Unreported, 9 July 1991, A-1057-90) which stated that the Board's consideration of the environmental consequences of an application for leave to export electricity must be restricted to those matters related to the export. Accordingly, in this case, the Board has not considered the environmental consequences of the development, production or transportation of the natural gas or of the effects of the use of this gas in the United States.

On this legal basis, the Board has determined that there are no potentially adverse environmental effects arising from the issuance of the licences and the export of gas *per se*. However, I draw your attention to the fact that all of the facilities related to the development, production and transmission of the gas will be subject to thorough scrutiny by regulatory authorities, at the appropriate time, including examination of the environmental and related social effects.

.../2

National Energy Board

**Environmental Screening
Document**

**Esso Resources Canada Limited
Gulf Canada Resources Limited
Shell Canada Limited**

GHW-2-90

June 1992

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RECITAL AND SUBMITTORS

IN THE MATTER OF applications by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited for licences to export natural gas from the Mackenzie Delta; and

IN THE MATTER OF National Energy Board Reasons for Decision GH-10-88, released in August 1989, approving the issuance of the subject licences; and

IN THE MATTER OF the Environmental Assessment and Review Process Guidelines Order; and

IN THE MATTER OF National Energy Board Directions on Procedure, Order GHW-2-90.

EXAMINED by means of written submissions

BEFORE

R. Priddle	Presiding Member
J.-G. Fredette	Member
R.B. Horner	Member
A.B. Gilmour	Member
A. Côté-Verhaaf	Member
C. Bélanger	Member
R. Illing	Member
K.W. Vollman	Member
R. Andrew	Member

SUBMITTORS

Canadian Environmental Law Association and Canadian Arctic Resources Committee (joint submission)

Dene-Métis Negotiations Secretariat

City of Yellowknife

Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited (joint submission)

Environment Canada - Western and Northern Region

Fisheries and Oceans - Government of Canada

Foothills Pipe Lines Limited

Government of Northwest Territories

Gwich'in Tribal Council

Harding, Frank

Inuvialuit Regional Corporation and Inuvialuit Game Council (joint submission)

Mackenzie Delta - Beaufort Sea Regional Land Use Planning Commission

Polar Gas Limited

Shihta Regional Council

Town of Inuvik

TransCanada PipeLines Limited

Wolf, R.E.

ABBREVIATIONS

Applicants	Esso, Gulf and Shell
Board	National Energy Board
CARC	Canadian Arctic Resources Committee
CELA	Canadian Environmental Law Association
Commission	Mackenzie Delta-Beaufort Sea Regional Land Use Planning Commission
Dene-Métis	Dene-Métis Negotiations Secretariat
EARP Order	Environmental Assessment and Review Process Guidelines Order
Esso	Esso Resources Canada Limited
FEARO	Federal Environmental Assessment Review Office
Foothills	Foothills PipeLines Limited
Gulf	Gulf Canada Resources Limited
Gwich'in Council	Gwich'in Tribal Council
Inuvik	the Town of Inuvik
NEB Act	<i>National Energy Board Act</i>
Polar Gas	Polar Gas Limited
Shell	Shell Canada Limited
Shihta Council	Shihta Regional Council
TransCanada	TransCanada PipeLines Limited
U.S.	United States
Yellowknife	the City of Yellowknife

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PROJECT INFORMATION

Hearing Order: GHW-2-90

Applicants: Esso Resources Canada Limited ("Esso"), Gulf Canada Resources Limited ("Gulf") and Shell Canada Limited ("Shell")

File No.: 7205-M93-3-2

Application Dates: 1988-09-21 Esso and Shell
1989-02-08 Gulf

Background

During the public hearing which took place in Inuvik and Ottawa between April 10 and 27, 1989, under Part VI of the *National Energy Board Act* ("NEB Act") to examine the applications for licences to export natural gas from the Mackenzie Delta ("the GH-10-88 Hearing"), the National Energy Board ("the Board" or "the NEB") examined a number of matters relating to the requested licences, including gas supply, markets and gas sales arrangements, transportation, export impact assessment, benefit-cost analysis and northern issues. The Board noted in its Reasons for Decision, dated August 1989, that the "environmental impacts are matters which would be fully addressed in a hearing under Part III of the NEB Act before any pipelines were constructed".

In its Reasons for Decision GH-10-88, released in August 1989, the Board approved the issuance of licences to Esso, Gulf, and Shell (collectively called "the Applicants") authorizing the export of 260 billion cubic metres (9.2 trillion cubic feet) of natural gas from the Mackenzie Delta to the U.S. over terms of 20 years, commencing 1 November 1996. Gas export licences issued by the Board do not come into effect, however, until approved by the Governor in Council.

The licences contain a number of terms and conditions, including one that no gas can be exported until executed gas sales contracts have been filed, reviewed and approved by the Board. Another one states that the exports cannot take place until production, processing, transmission and other necessary facilities are approved and put into place.

On 14 November 1989, while the approval of the licences by the Governor in Council was pending, the Canadian Environmental Law Association ("CELA") petitioned Cabinet to refuse to approve the licences to Esso, Gulf and Shell until the Board had conducted a thorough assessment of the environmental impacts of the exports in compliance with the Environmental Assessment and Review Process Guidelines Order ("the EARP Order").

On 8 February 1990, the Minister of Energy, Mines and Resources wrote to the Board requesting clarification of how it had complied, or would comply, with the EARP Order in arriving at its decision to issue the licences in question.

On 19 February 1990, the Board advised the Minister that it had not conducted an environmental screening of the kind outlined in the EARP Order. Accordingly, the Board informed the Minister that it would conduct an environmental screening to determine whether there would be any potentially adverse environmental effects and directly related social effects from the proposed exports and, if so, to what extent.

By Hearing Order GHW-2-90, dated 15 February 1990, the Board announced its intention to conduct an environmental screening, pursuant to the EARP Order, of the Mackenzie Delta export proposals licensed in GH-10-88. Order GHW-2-90 outlined the process to be followed by parties in submitting their views, and included an information request to the Applicants (see Appendix I) outlining the environmental information required by the Board.

On 9 July 1991, subsequent to the final dates for submissions in the GHW-2-90 proceeding, the Federal Court of Appeal issued its decision in the case of *Attorney General of Québec v. National Energy Board* (Unreported, 9 July 1991, A-1057-90) ("the *Hydro-Québec* decision"). In that decision, the Court held that the Board's jurisdiction over exports (in that case, electricity exports) did not extend to facilities for the production of goods for export. Accordingly, as was stated by Mr. Justice Marceau, speaking on behalf of the Court (at p. 6):

"The factors which may be relevant in considering an application for leave to export electricity and the conditions which the Board may place on its leave clearly cannot relate to anything but the export of electricity."

Mr. Justice Marceau's reasons have clear application to the authorization by this Board of gas exports as well as electricity exports.

Description of the Applications

The applications which are the subject of the present screening consist of requests by Esso, Gulf, and Shell for licences to export natural gas from the Mackenzie Delta to the U.S. for terms of 20 years commencing 1 November 1996. The total amount of gas to be exported is 260 billion cubic metres (9.2 trillion cubic feet). Esso proposes to export 144 billion cubic metres (5.1 trillion cubic feet), Gulf 91 billion cubic metres (3.2 trillion cubic feet) and Shell 25 billion cubic metres (0.9 trillion cubic feet).

Although the Applicants did not seek approval of any facilities, new facilities will have to be built eventually to produce and process the gas, and transport it from the Mackenzie Delta to market areas before any exports can take place. New facilities may also be necessary in the U.S. to deliver the gas to end-use customers. The proposed location and design of most of those facilities are still in the planning stage and will not likely be finalized for some time. The specific details will be available at the time applications are made for authority to construct. In this regard, a number of separate regulatory proceedings will be necessary in Canada and the United States ("U.S.") for the various production, processing, transmission and end-use facilities associated with this export proposal.

These licence applications are, therefore, one of the initial steps in the regulatory process to which natural gas development in the Mackenzie Delta will be subject prior to the commencement of the exports.

SCREENING PROCESS

Public Notification

In notifying the public of the environmental screening, the Board informed all interested parties to the GH-10-88 proceedings, as well as selected federal government departments and numerous environmental groups across the country. A listing of those parties contacted is contained in Appendix II. A public notice was also printed in 29 newspapers across the country. A listing of those newspapers is given in Appendix III.

Consultation

In early 1990, the Board discussed the general approach it would take in conducting environmental screenings with representatives of the Federal Environmental Assessment and Review Office, Environment Canada, Energy, Mines and Resources Canada, and the Energy Resources Conservation Board of Alberta. In conducting this screening and recognizing that other federal departments might have particular concerns with respect to this proposal, the Board sought comments from the following:

- Canada Oil and Gas Lands Administration,
- External Affairs and International Trade Canada
- Fisheries and Oceans
- Energy, Mines and Resources Canada
- Environment Canada
- Forestry Canada, and
- Indian and Northern Affairs Canada

In seeking those comments, the Board, as the initiating department, gave other departments with specialist knowledge the opportunity to provide the Board with information concerning the possible environmental effects of the proposal and, as appropriate, to advocate the protection of the interests for which those other departments are responsible.

SUBMISSIONS

Submission of Applicants

The Applicants, Esso, Gulf and Shell, provided a joint submission in which they stated their support for appropriate environmental reviews of proposals which have significant environmental effects. They submitted that the export applications were not the type of "proposal" referred to in the EARP Order and, accordingly, the EARP Order would not apply. It was stated that the applications were nothing more than requests for regulatory confirmation that the United States market would be eligible to receive a fixed volume of future natural gas production from the Mackenzie Delta.

In response to the information request from the Board, the Applicants stated that, in their view, environmental and social issues related to any development would be addressed in detail during a variety of pre-construction approvals for gas production, plant processing, pipeline transmission and end-use facilities. The Applicants stated that through compliance with the applicable legislation, regulations and governmental, public and regulatory requirements, any potential environmental or directly related social effects associated with Mackenzie Delta gas development would be insignificant or mitigable with known technology. The Applicants stated, therefore, that the most appropriate conclusion to be reached under section 12 of the EARP Order is that the applications should be allowed to proceed without further review, pursuant to section 12(c).

Public Comment

The following parties provided comments with respect to the proceeding and the Applicants' submission:

- Canadian Environmental Law Association and Canadian Arctic Resources Committee in a joint submission
- City of Yellowknife
- Dene-Métis Negotiations Secretariat
- Environment Canada - Western and Northern Region
- Fisheries and Oceans Canada
- Foothills Pipe Lines Limited
- Government of the Northwest Territories
- Gwich'in Tribal Council
- Harding, Frank
- Inuvialuit Regional Corporation and the Inuvialuit Game Council in a joint submission
- Mackenzie Delta-Beaufort Sea Regional Land Use Planning Commission
- Polar Gas Limited
- Shihta Regional Council
- Town of Inuvik
- TransCanada PipeLines Limited
- Wolf, R.E.

Most parties favoured the approval of the export licences without further public environmental review at this stage. Several of those parties noted that any proposals for the installation of the requisite facilities would be subject to a comprehensive and critical examination of the potential environmental effects and directly related social effects associated with their construction and operation. Three parties were specifically opposed to granting the export licences at this time. The comments of all the interested parties are summarized below.

Submissions of Interested Parties

1. The Canadian Environmental Law Association/Canadian Arctic Resources Committee

In conjunction with the Canadian Arctic Resources Committee ("CARC"), CELA provided, in its written submission, its conclusions concerning the submission by Esso, Gulf and Shell:

- First, that the "applicants' submissions fail to adequately respond to the matters set out in Appendix II of Order GHW-2-90 and do not provide a basis upon which the Board can make the determinations required by the Environmental Assessment Review Process Guidelines Order";
- Second, the applicants' assertion that "no environmental or social effects whatsoever will follow from the natural gas export licences sought in this matter is entirely unsupported by any evidence, ignores the potential global and cumulative environmental effects of its applications and is based upon an apparent misapprehension of the requirements of EARP";
- Third, the claim that "no significant or unmitigable environmental or social effects will be caused by the proposal, or by the facilities, operations and end uses that are required to give effect to the proposal, is entirely unsupported by any evidence";
- Fourth, "the enormous scale of the proposal and of the facilities operations and end uses required to give effect to the proposal, will result in substantial and adverse environmental consequences that will often not be amenable to technological control nor mitigable with known technology. Moreover, because of the unprecedented nature of the proposal, many of the environmental consequences that will follow from it are unknown"; and
- Finally, CELA concluded that "it is incumbent upon the Board, pursuant to the provisions of EARP, to either review its decision in this matter (GH-10-88) and deny the export licences sought by the applicants, or to refer this proposal to the Minister of the Environment for public review by a panel".

CELA provided a preliminary assessment, by an independent consultant, of the Gulf, Esso and Shell submission to the Board's environmental screening of the export licences.

The report stated that the Applicants "have failed to respond to the Board's request and have merely proposed that each increment of the mega-project will be subject to subsequent individual assessment". The report submitted that the information does not meet the EARP requirements which "demand systematic consideration at the time of approval".

The report also submitted that the Applicants' position regarding the end-use and natural gas emissions was deficient as it ignored:

- a. the alternatives to fossil fuels such as energy efficiency and renewable energy which would be to some degree displaced by Delta gas;
- b. the issue of methane releases from gas systems; and
- c. the potential benefits of using the northern gas reserves as a bridging fuel in Canada's long-term plan to counteract global warming.

The report concluded that the deficiencies in the information submitted must be corrected before the Board can do a full environmental screening and properly fulfil its responsibilities under the EARP Order.

2. City of Yellowknife

Yellowknife supported the immediate approval of the export licences. It submitted that the granting of the export licences would not have any environmental impacts, and that future review processes would ensure that natural gas exports would only be undertaken in an environmentally safe manner.

In the context of economic considerations, Yellowknife reiterated its position supporting the application, subject to two conditions. First, that natural gas resources be developed in a manner that makes the resources available to northern communities. Second, that efforts should be made to maximize the business and employment opportunities for Northerners.

3. Dene-Métis Negotiations Secretariat

The main concern of the Dene-Métis Negotiations Secretariat centred on site-specific environmental impacts related to the transmission of natural gas to southern markets and the attachment of appropriate conditions to any approval. It also requested that the Board provide formal notice that conditions of the export licences will include mitigation measures regarding biophysical, social, economic and cultural impacts; the nature and extent of which should be addressed during a facilities application review. Furthermore, the Dene-Métis Negotiations Secretariat stated that the Board should advise the proponents that mitigation measures for each component of the environment must be developed before their facilities applications will be considered ready for review. It requested that the Board require the Applicants to spell out in detail how the training, recruiting, counselling and affirmative action programs would both mitigate negative impacts and create opportunities for Northerners.

4. Environment Canada - Western and Northern Region

Environment Canada submitted that, on the basis of the information which had been supplied regarding the proposed export licences, it had no further contribution to make to the screening. It does, however, wish to continue to participate in any proceeding related to the screening process in the future.

5. Fisheries and Oceans - Government of Canada

The Department of Fisheries and Oceans had no comment on the information contained in the submission from Esso, Gulf and Shell. Fisheries and Oceans, however, wishes to continue its involvement with the Board's environmental screening of the Beaufort Sea/Mackenzie Delta gas exports.

6. Foothills Pipe Lines Limited

Foothills submitted that the environmental screening should find that the granting of the export licences would not result in any environmental impact which would warrant further proceedings at this time. It stated that the physical facilities associated with the production, gathering, processing and transmission would be the subject of further reviews.

7. Government of the Northwest Territories

The Government of the Northwest Territories submitted that no environmental impacts would result from the approval of the export licences. It stated that the construction and operation of production and transportation facilities do have potential environmental impacts that would be reviewed by federal and territorial agencies as well as institutions established as a result of land claims agreements.

The Government of the Northwest Territories recommended that the export licence applications be allowed to proceed without further environmental review.

8. Gwich'in Tribal Council

The Gwich'in Council from Fort McPherson, Northwest Territories supported the granting of the export licences, but would like to see land claims resolved before any pipeline construction proceeds. It stated that the export licences are nothing more than permission to export and allow proponents to seek markets in the U.S. The Gwich'in Council submitted that an environmental review of the proposal would occur when the companies apply to construct pipeline facilities.

The Gwich'in Council concluded that it does not support or endorse the joint submission made by CELA and CARC.

9. Harding, Frank

Mr. Frank Harding, a resident of Ayer's Cliff, Quebec, submitted that issuing the export licences before the environmental impact assessments are completed and the issues settled would not be sound and proper procedure. He urged the Board to ensure all impact studies are completed before allowing matters to proceed further.

10. Inuvialuit Regional Corporation/Inuvialuit Game Council

The Inuvialuit Regional Corporation and the Inuvialuit Game Council submitted that they did not intend to make written comments in respect of this proceeding as they had already set out their position regarding environmental matters during the GH-10-88 hearing.

The Inuvialuit Regional Corporation indicated that there was no need for this proceeding to examine environmental issues in the Inuvialuit Settlement Region because it has its own Environmental Screening and Review Process. It also objected strongly to the establishment of the GHW-2-90 hearing without any prior consultation.

11. Mackenzie Delta - Beaufort Sea Regional Land Use Planning Commission

The Commission included with its intervention the draft Mackenzie Delta - Beaufort Sea Regional Land-Use Plan, released in May 1990.

The Commission provided a number of recommendations to ensure that active community participation occurs regarding land-use matters such as the proposed hydrocarbon development. It stated that agencies such as the Board should cooperate with the Commission in studying the environmental, social and economic implications of a combined highway/pipeline corridor versus separate corridors along the Mackenzie Valley. The commission also recommended that the oil and gas industry should develop a code of environmental conduct that is specific to the Delta region which would govern exploration and production and the abandonment of facilities.

The Commission requested that the Board use the draft plan in its decision-making process and concluded that through proper implementation of the recommendations, integrated land use would be both environmentally sound and financially beneficial to the region.

12. Polar Gas Limited

Polar Gas supported the Applicants and recommended that they be allowed to proceed without further review at this stage. It stated that conditional approval would have to recognize that any eventual Delta gas development proposal would be subject to a comprehensive and critical examination of the potential environmental effects and the social issues that could arise from such a project.

The point was made by Polar Gas that the conclusions from past reviews of northern hydrocarbon development were similar; namely, that oil and gas related activities in the Delta and along the Mackenzie Valley could take place in an environmentally acceptable manner subject to the application of appropriate regulatory controls and mitigation measures.

13. Shihta Regional Council

The Shihta Council from Norman Wells, Northwest Territories supported northern oil and gas development and agreed with the granting of gas export licences to Esso, Shell and Gulf by the federal government. However, it stated that communities should have a meaningful and effective role in future discussions and planning, and that no additional licences should be granted without community consultation and agreements regarding environmental and economic matters according to the principles of a Northern Accord.

14. Town of Inuvik

The Town of Inuvik believes that the environmental effects of a pipeline are well known and that the export licences should be approved immediately.

Inuvik stated that the findings of the Beaufort Sea/Mackenzie Delta Environmental Impact Statement were filed with FEARO in the mid-1970's, and brought together the results of many years of scientific research evaluating the effects of hydrocarbon production and transportation from the Beaufort Sea and Mackenzie Delta. The findings indicated that none of the impacts of such development could be classified as major after successful implementation of the mitigation measures.

Inuvik also indicated that the final report of FEARO's environmental hearings in 1983 stated that construction and operation of a gas production and transportation project appeared to be environmentally acceptable if environmental terms and conditions, yet to be defined, were specified and enforced. Inuvik concluded that the Board should declare that there is sufficient information available about the environmental impacts of a pipeline to approve the export licences.

15. TransCanada PipeLines Limited

TransCanada stated that permission to export natural gas and the act of exporting gas do not themselves have an environmental effect on an area of federal responsibility. Furthermore, it stated the EARP Order does not apply to an application under Part VI of the NEB Act to export natural gas.

TransCanada also submitted that it is premature to deal with the environmental and directly related social effects of the construction and operation of facilities related to the Delta exports and that, therefore, the exports should be approved without further review.

16. Wolf, R.E.

Mr. R.E. Wolf, of Calgary, had concerns regarding the Board's decision to grant export licences in the GH-10-88 proceeding, without first undertaking an environmental assessment of the proposed Mackenzie Delta gas exports. Mr. Wolf also requested that the Board provide a nine-month extension of the filing date for responses to the submission of Esso, Gulf and Shell. In its response to Mr. Wolf, on 16 October 1990, the Board stated that his request for a delay would unduly prejudice the Applicants and other participants and, therefore, decided to deny the request.

BOARD VIEWS AND FINDINGS

Views of the Board

In conducting the environmental screening of the proposed exports, the Board has been guided by the *Hydro-Québec* decision. In the Board's view, the question before it is to assess the environmental consequences of the exports, namely, those related to the sending of natural gas from Canada to a place outside Canada.

The effects on the environment, which in some views are associated with the proposed exports, will occur only at the time of construction and operation of the facilities required to produce, process, transport, distribute or consume the gas in question. Moreover, a decision to issue licences at this time does not mean that gas will flow to export markets without further regulatory consideration of natural gas development in the Mackenzie Delta. On the contrary, all of the facilities related to the development, production and transmission of this gas will be subjected to thorough scrutiny by regulatory agencies, which will include an examination of the environmental and directly related social effects.

The Board agrees with the position of the Applicants that the "proposal" before it for consideration under the EARP Order consists of the applications for the export of gas and that the proposal does not extend to activities associated with the export, such as the development, production and transmission of the natural gas in question. Therefore, in conducting the screening, the Board has had regard only to the environmental implications of issuing the applied-for export licences.

The Board notes that much of the information provided by parties attempted to identify the potentially adverse effects and directly related social effects that may be associated with the facilities required for the production and transmission of the gas to be exported. Included were such concerns as land and resource use issues, habitat disturbance, noise, local air quality, aesthetics and impacts on agricultural production.

Having evaluated the export licence applications, information submitted by the applicants and interested parties as part of the screening, available studies and recommendations, the Board finds that the information needed to assess the environmental and directly related social effects of the facilities, as requested by the Board in Appendix II of Hearing Order GHW-2-90, is not required at this stage. Any environmental effects associated with the installation and operation of requisite facilities can legally be addressed only at the appropriate stage of project development by agencies, including the Board, responsible for regulating such facilities in light of specific project proposals.

The Board also believes that it is premature and impractical to attempt to assess these concerns in detail in the absence of applications to install the requisite facilities. The appropriate time to do so will be when such applications are made to this Board and other agencies having jurisdiction over them. At that time, the necessary technical information will be available to perform detailed assessments. The Board is satisfied that it and other agencies have procedures in place to consider those issues fully.

The Board also notes information filed by parties which related to gaseous emissions, particularly of so-called "greenhouse gases" such as carbon dioxide and methane, which will be released during the production, transmission and end use of the gas. The Board is of the view that the issue of "greenhouse gases" is associated with those particular activities and not with the issuance of export licences and the export of the gas *per se*. Therefore, any findings by the Board with respect to such gaseous emissions would not be relevant at this time given the extent of the Board's jurisdiction over exports.

The Board agrees with those parties who hold the view that any application to construct and operate a pipeline subject to the Board's jurisdiction should be required to address, in a comprehensive manner, the environmental, economic, social and cultural effects that would be expected to result. Those matters would be discussed and any necessary mitigative measures identified during a hearing pursuant to Part III of the NEB Act before any pipeline facilities could be constructed. The Board believes, as was stated in the GH-10-88 Reasons for Decision, that if the project is to provide maximum benefits to the North and its people, there is a fundamental need for a good working relationship and understanding between the people of the North and the Applicants.

The Board's finding with regard to manpower training, employment programs and infrastructure requirements was previously expressed in the GH-10-88 Reasons. The Board not only agrees with the necessity for early planning; it considers this essential.

The Board recognizes the concerns of the CELA, CARC, and others over the impact of the development of northern gas on the environmental and social structure of the Delta and the Mackenzie Valley and, in this regard, reiterates that the overall facilities and site-specific impacts will be addressed in future public hearings.

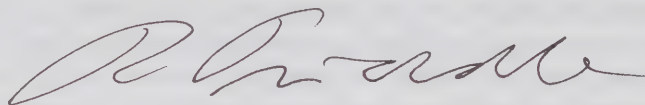
Issuance of the Export Licences

In conclusion, it is the finding of the Board that there are no potentially adverse environmental effects associated with the issuance of the export licences to the Applicants. The potential environmental effects identified by the Board relate to the construction and operation of the facilities which will be required to allow the export to take place. Environmental assessments for such facilities will be carried out by the relevant authorities at the appropriate time. Accordingly, the Board is satisfied that the exports *per se* have no potential adverse environmental effects and that the issuance of these licences may proceed without further environmental assessment.

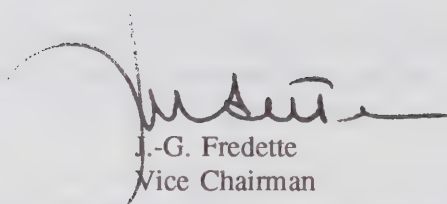
PART E

DISPOSITION

The foregoing parts set forth our report in the matter of the Environmental Screening with respect to the issuance of licences to export gas from the Mackenzie Delta.



R. Priddle
Chairman



J.-G. Fredette
Vice Chairman



R.B. Homer
Member



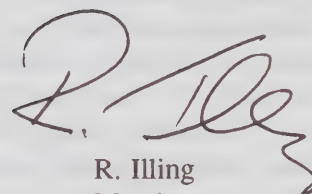
A.B. Gilmour
Member



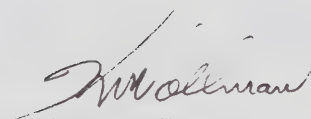
A. Côté-Verhaaf
Member



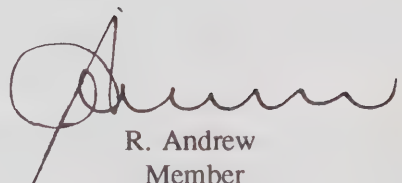
C. Bélanger
Member



R. Illing
Member



K.W. Vollman
Member



R. Andrew
Member

Environmental Information Request Sent to Esso, Gulf and Shell

Preamble: In compliance with the EARP Order, the Board will conduct an environmental screening or initial assessment of the applications by Esso, Gulf and Shell to export natural gas from Canada. The purpose of this screening is to enable the Board to reach one of the conclusions required in Section 12 of the EARP Order. Having regard to subsection 4(1) of the EARP Order, the Board will consider:

- (a) the potential environmental effects of the proposal and the social effects directly related to those environmental effects, including any effects that are external to Canadian territory; and
- (b) the concerns of the public regarding the proposal and its potential environmental effects.

In its response to the request which follows, Esso, Shell and Gulf may refer to existing information; to information previously filed with the Board; or use information submitted to other agencies or governments. The level of detail of the information provided shall correspond to the nature and magnitude of the anticipated environmental impact of the proposed project.

Request: In light of the foregoing, Esso, Gulf and Shell are directed to provide the following information:

1. With respect to the construction and operation of any new or modified facilities in Canada and in the importing country for:
 - i) production;
 - ii) gathering;
 - iii) processing;
 - iv) transmission;
 - v) distribution; or
 - vi) other purposes,

required to give effect to the proposed export transaction, please provide the following information:

- a) evidence as to the nature and significance of any potential environmental effects;
- b) evidence as to the nature and significance of any social effects directly related to the environmental effects identified in a) above;
- c) evidence as to the extent to which the environmental and social effects identified in a) and b) above can be mitigated; and

- d) evidence that all required governmental environmental authorizations have been or are likely to be obtained.

In providing this information, please set out the rationale for any conclusions you have reached.

- 2. With respect to the end use of the natural gas proposed to be exported, please provide the following information:

- a) evidence as to the nature and significance of any potential environmental effects;
- b) evidence as to the nature and significance of any social effects directly related to the environmental effects identified in a) above;
- c) evidence as to the extent to which the environmental and social effects identified in a) and b) above can be mitigated; and
- d) evidence that all required governmental environmental authorizations have been or are likely to be obtained.

In providing this information, please set out the rationale for any conclusions you have reached.

List of Parties That Were Sent a Copy of Order GHW-2-90

GH-10-88 Applicants

Esso Resources Canada Limited
Gulf Canada Resources Limited
Shell Canada Limited

Interested Parties

Alberta and Southern Gas Co. Ltd.
Amoco Canada Petroleum Company Ltd.
ANR Pipeline Company
Atcor Limited
Beaufort Mackenzie Delta Development Impact Zone Society
Ethel Blondin, M.P. for Western Arctic
Boundary Gas Inc
Charles Caccia, M.P. for Davenport
Canadian Arctic Resources Committee
Canadian Environmental Law Association
Canadians for Responsible Northern Development
Canadian Petroleum Association
Centra Gas Inc.
The Consumers' Gas Company Ltd.
Council of Canadians
Council for Yukon Indians
Dene-Métis Negotiations Secretariat
Enron Gas Supply Company
Environmental Mediation & Arbitration Group (Calgary)
Foothills Pipe Lines Ltd.
Foothills Pipe Lines (Yukon) Ltd.
Frank Harding
Gaz Métropolitain, Inc.
Greater Winnipeg Gas Company and ICG Utilities (Manitoba) Ltd.
Gwich'in Tribal Council
Independent Petroleum Association of Canada
Industrial Gas Users Association
Interprovincial Pipe Line Company
Inuvik Chamber of Commerce
Inuvialuit Regional Corporation
Mackenzie Delta Beaufort Sea Regional Land Use Planning Commission
Mackenzie Delta Tribal Council
Metis Association of the Northwest Territories

Mobil Oil Canada
Murphy Oil Canada Limited
R. Nerysoo, M.L.A, Northwest Territories
G.A. Nieminen
Norcen Energy Resources Limited
Northwest Pipeline Corporation
Northwest Territories Federation of Labour
Northwest Territories Power Corporation
NOVA Corporation of Alberta
Pacific Interstate Transmission Company
Pacific Enterprises
Pan-Alberta Gas Ltd.
Petro-Canada Inc.
Polar Gas Limited
ProGas Limited
Shihta Regional Council
Southern California Gas Company
Stone Petroleum Ltd.
Tennessee Gas Pipeline Company
Tenneco Gas
Texas Eastern Transmission Corporation
TransCanada PipeLines Limited
Union Gas Limited
Washington Natural Gas Company
Westcoast Energy Inc.

Governments

Alberta Petroleum Marketing Commission
British Columbia Petroleum Corporation
City of Yellowknife
Canada Oil and Gas Lands Administration
Energy, Mines and Resources Canada
Environment Canada
External Affairs and International Trade Canada
Fisheries and Oceans - Government of Canada
Forestry Canada
Government of the Northwest Territories
Government of the Yukon
Hamlet of Fort McPherson
Hamlet of Tuktoyaktuk
Indian and Northern Affairs Canada
Le Procureur Général du Québec
Minister of Energy for Ontario
Town of Inuvik

Environmental Groups

Alberta Environment Network
Alternatives Futures Institute
Amalgamated Conservation Society
Association pour la Prévention de la Contamination Atmosphérique
Biomass Energy Institute
British Columbia Environmental Network
Canada - U.S. Environmental Council
Canadian Environmental Defence Fund
Canadians for a Clean Environment
Conseil de la Conservation de l'Environnement
Ducks Unlimited Canada
Earthcare Society
Earthlife Canada
Ecology Canada
Energy Probe
Environment & Social Management Consultants
Environment & Energy Development Studies Foundation
Environment Council of Alberta
Environmental Law Centre
Environmental Protection
Federation of Alberta Naturalists
Friends of the Earth
Green Party of Canada
Greenpeace Canada
Manitoba Environmental Council
Manitoba Environmental Network
Northern Environmental Network
Office of the Environmental Coordinator
Ontario Environment Network
Petroleum Association for Conservation of the Canadian Environment
Planetary Association for Clean Energy Inc.
Pollution Probe
Quebec Union for the Conservation of Nature
Quebec Environment Network
Quebec Environmental Foundation
Saskatchewan Environmental Society
Society Promoting Environmental Conservation
Society to Stop Pollution
West Coast Environmental Law Association
Yukon Conservation Society

Publications In Which The Notice of Public Hearing (GHW-2-90) Appeared

Canada Gazette
Victoria Times, Victoria, British Columbia
Le Soleil, Vancouver, British Columbia
Vancouver Sun, Vancouver, British Columbia
Calgary Herald, Calgary, Alberta
Calgary Sun, Calgary, Alberta
Edmonton Journal, Edmonton, Alberta
Le Franco-Albertain, Edmonton, Alberta
Journal l'Eau Vive, Regina, Saskatchewan
Regina Leader Post, Regina, Saskatchewan
Winnipeg Free Press, Winnipeg, Manitoba
La Liberté, St. Boniface, Manitoba
Globe and Mail (National Edition), Toronto, Ontario
L'Express de Toronto, Toronto, Ontario
Le Droit, Ottawa, Ontario
Ottawa Citizen, Ottawa, Ontario
La Presse, Montréal, Québec
Le Devoir, Montréal Québec
Montreal Gazette, Montréal, Québec
Slave River Journal, Fort Smith, N.W.T.
Hay River Hub, Hay River, N.W.T.
L'Aquilon, Yellowknife, N.W.T.
Native Press, Yellowknife, N.W.T.
News North, Yellowknife, N.W.T.
Yellowknifer, Yellowknife, N.W.T.
Inuvik Drum, Inuvik, N.W.T.
Tusaayaksat, Inuvik, N.W.T.
Whitehorse Star, Whitehorse, Yukon
Yukon News, Whitehorse, Yukon

The Honourable Jake Epp, P.C., M.P.
Minister of Energy, Mines and Resources
580 Booth Street
Ottawa, Ontario
K1A 0E4

Dear Mr. Epp:

**RE: National Energy Board Decision on the Environmental
Screening of the Licences to Export Natural Gas issued
pursuant to the Board's GH-10-88 Decision**

Further to my letter to you dated 19 February 1990, I wish to advise you that the National Energy Board has completed, in accordance with the requirements of the *Environmental Assessment and Review Process Guidelines Order* ("EARP Guidelines Order"), its screening of the potentially adverse environmental effects of the export of natural gas from the Mackenzie Delta by Esso Resources Canada Limited ("Esso"), Gulf Canada Resources Limited ("Gulf") and Shell Canada Limited ("Shell"). A copy of the screening document which contains the findings of the Board is attached to this letter.

The environmental screening was conducted in writing according to the process the Board established by its GHW-2-90 Order issued on 23 February 1990.

In determining the extent of its jurisdiction in applying the EARP Guidelines Order to natural gas exports, the Board has been guided by the Federal Court of Appeal decision in *Attorney General of Québec v. National Energy Board* (Unreported, 9 July 1991, A-1057-90) which stated that the Board's consideration of the environmental consequences of an application for leave to export electricity must be restricted to those matters related to the export. Accordingly, in this case, the Board has not considered the environmental consequences of the development, production or transportation of the natural gas or of the effects of the use of this gas in the United States.

On this legal basis, the Board has determined that there are no potentially adverse environmental effects arising from the issuance of the licences and the export of gas *per se*. However, I draw your attention to the fact that all of the facilities related to the development, production and transmission of the gas will be subject to thorough scrutiny by regulatory authorities, at the appropriate time, including examination of the environmental and related social effects.

.../2

Given the findings of the environmental screening, the Board recommends Governor in Council approval of Licences GL-124, GL-125, and GL-126 issued to Esso, Gulf and Shell, respectively, without further environmental review and without conditions beyond those set forth in the Board's decision in GH-10-88.

Yours sincerely,

R. Priddle

Encl.

